

# BUDGET LETTER

		NUMBER:	06-14
SUBJECT:	GENERAL STATEWIDE SECTIONS	DATE ISSUED:	July 27, 2006
REFERENCES:	BUDGET ACT OF 2006, (CHAPTERS 47 AND 48, STATUTES OF 2006)	SUPERSEDES:	BL 05-16

TO: Agency Secretaries  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

The 2006 Budget Act contains changes to the General Statewide Sections that may affect a wide range of departments. Sections 1.80, 3.65, and 4.75 were added to the Budget Act of 2006. Sections 4.05, 31.00, and 32.00 were revised. The new and revised Sections are outlined below. For additional information regarding these Sections, please contact your Department of Finance (Finance) Budget Analyst or the Finance analyst responsible for the Section, as listed at the end of this Budget Letter (BL). Sections 4.85, 11.05, 11.52, 24.30, and 33.50 were included in the Budget Act of 2005 and are not included in the Budget Act of 2006.

## **SECTION 1.80 – AVAILABILITY OF APPROPRIATIONS**

Section 1.80 contains the language previously in the beginning of Section 2.00 regarding the availability of Budget Act appropriations.

## **SECTION 3.65—MINIMUM WAGE INCREASE**

Section 3.65 authorizes Finance to adjust items of appropriation for six specified departments to reflect increased costs resulting from legislation that increases the state minimum wage during 2006-07. If such legislation is enacted and results in increased current year costs, the set-aside funding will be allocated as part of the 2007-08 budget development process.

## **SECTION 4.05 – GENERAL FUND APPROPRIATION REDUCTIONS**

Section 4.05 instructs Finance, in consultation with agency secretaries and other cabinet members, to reduce General Fund appropriations by \$100 million in the 2006-07 fiscal year. This amount is in addition to the \$100 million of General Fund reductions required in the 2006-07 fiscal year by Section 4.05 of the 2005 Budget Act.

## **SECTION 4.75—STATEWIDE SURCHARGES**

Section 4.75 authorizes Finance to adjust items of appropriation for the purpose of reimbursing the Department of General Services for centralized costs allocated through the statewide surcharge. The statewide surcharge was first implemented in 2005-06 and departments were provided with funding to pay

the surcharge. Concerns over the use of federal funds and reimbursements from federal funds have resulted in the need to reallocate the surcharge to exclude these funding sources. These adjustments will be detailed in a forthcoming Budget Letter as part of the 2007-08 budget development process.

## **SECTION 31.00-BUDGET ACT ADMINISTRATIVE PROCEDURES FOR SALARIES AND WAGES**

Section 31.00 provides guidance for position control issues such as reclassifications and administratively established positions. This Section has been revised to eliminate language pertaining to “blanket” establishments and to clarify the provision relating to administratively established positions. The Legislature also passed statutory language (Government Code Section 13309) requiring Finance to report on the number of permanent positions paid from Temporary Help for more than six months in the immediately preceding fiscal year. The statute does not specify six consecutive months. There is a concern that departments are expending resources on permanent positions that have not been authorized through the legislative process. The State Controller’s Office will provide Finance with a report that does not include positions on disability, family leave, mandatory reinstatements, etc. It is expected that the Legislature will address individual department issues during the 2007-08 Budget Subcommittee hearings.

## **SECTION 32.00–PROHIBITS EXCESS EXPENDITURES**

Section 32.00 was revised to limit personal liability for expenditures or indebtedness in excess of appropriations for increases in enrollment, population, or caseload for specified departments. The Section requires reporting to the Legislature of the necessity of the expenditure or indebtedness and the Legislature’s concurrence.

If you have any questions regarding these sections, please call the following Finance staff:

- Section 1.80 – Theresa Gunn – (916) 445-9694
- Section 3.65 and 4.75 – Jennifer Osborn – (916) 445-8913
- Section 4.05 – Oscar Chaves – (916) 445-5332
- Section 31.00 – Tim Lynn – (916) 445-3274
- Section 32.00 – Linda Sebastiani – (916) 322-5540

Thank you!

/s/ Veronica Chung-Ng

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